

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 062875

41

ORIGIN NEA-09

INFO OCT-01 ISO-00 EB-07 AID-05 AGR-05 SSO-00 IGA-01 L-02

SS-15 NSC-05 CIAE-00 INR-07 NSAE-00 DODE-00 PA-01

USIA-06 PRS-01 SP-02 H-02 IO-10 COME-00 TRSE-00 STR-01

CIEP-01 OMB-01 CEA-01 NSCE-00 INRE-00 /083 R

DRAFTED BY NEA/INS:RBMORLEY:JES

APPROVED BY NEA/INS:BWBROWN

EB: MR. MCMULLEN

AID: MR. COLES

FFP: MR. MERCKER

AGRICULTURE: MR. NORTON

NEA/P:GSHERMAN

----- 018086

O 201546Z MAR 75

FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI IMMEDIATE

LIMITED OFFICIAL USE STATE 062875

E.O. 11652: DECONTROL UPON RECEIPT

TAGS: EAID, IN

SUBJECT: PL 480 AGREEMENT WITH INDIA

1. AGREEMENT SIGNED MARCH 20 AT 11:00 A.M. BY ACTING ASSISTANT SECRETARY SIDNEY SOBER AND INDIAN EMBASSY ECONOMIC MINISTER G.V. RAMAKRISHNA. TEXTS OF PRESS STATEMENTS AND GUIDANCE PROVIDED BELOW FOR EMBASSY USE.

2. STATEMENT BY ACTING ASSISTANT SECRETARY SOBER (RELEASED TO PRESS AFTER CEREMONY): QUOTE THE AGREEMENT WE ARE SIGNING TODAY IS AN IMPORTANT STEP BY BOTH OF OUR GOVERNMENTS IN THE DEVELOPMENT OF A CLOSER RELATIONSHIP WHICH
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 062875

WE BOTH SEEK.

THIS AGREEMENT PROVIDES FOR THE SALE UNDER TITLE I OF PUBLIC LAW 480 OF 800,000 TONS OF WHEAT -- A GOOD DEAL MORE THAN WE HAD ORIGINALLY EXPECTED TO BE ABLE TO SUPPLY TO INDIA THIS FISCAL YEAR. THE SALE IS BEING FINANCED BY A LONG-TERM LOW-INTEREST LOAN AND PAYMENT WILL BE MADE IN DOLLARS.

I WANT TO OFFER A SPECIAL WORD OF THANKS TO THOSE PEOPLE ON BOTH SIDES WHO WORKED SO HARD TO BRING THESE NEGOTIATIONS TO A SUCCESSFUL CONCLUSION.

IN NEW DELHI LAST OCTOBER, SECRETARY KISSINGER STATED THAT "THE INTERESTS OF INDIA AND THE UNITED STATES ARE COMPATIBLE, AND WE ARE AT THE BEGINNING OF COOPERATION WHOSE POSSIBILITIES HAVE ONLY BEGUN TO BE EXPLOITED." TODAY'S AGREEMENT SHOULD BE SEEN IN THAT CONTEXT. I AM HONORED TO BE ABLE TO PLAY A PART.

3. TEXT OF USDA PRESS LEASE (RELEASED TO PRESS AFTER CEREMONY): SECRETARY OF AGRICULTURE EARL L. BUTZ TODAY ANNOUNCED THE SIGNING IN WASHINGTON OF A PUBLIC LAW 480 TITLE I CONVERTIBLE LOCAL CURRENCY CREDIT SALES AGREEMENT WITH THE GOVERNMENT OF INDIA PROVIDING FOR THE SALE OF \$128 MILLION WORTH OF WHEAT/WHEAT FLOUR ON A GRAIN BASIS (ABOUT 800,000 METRIC TONS). THIS IS THE FIRST PL 480 AGREEMENT SIGNED WITH INDIA SINCE 1971.

"INDIA IS A VALUABLE CUSTOMER AND A FRIEND OF THE UNITED STATES," SECRETARY BUTZ SAID, "AND I AM PLEASED THAT AMERICAN AGRICULTURE IS IN A POSITION TO ASSIST INDIA IN MEETING ITS CURRENT FOOD REQUIREMENTS."

INDIA HAS BEEN FACED WITH INCREASED IMPORT REQUIREMENTS OF GRAIN AS A RESULT OF POOR WEATHER CONDITIONS IN ITS CROP PRODUCING REGIONS. AT THE RECENT WORLD FOOD CONFERENCE IN ROME, INDIA WAS LISTED AS ONE OF THE 32 NATIONS "MOST SERIOUSLY AFFECTED (MSA)" BY SHORTAGES. INDIA HAD PURCHASED ABOUT 4.5 MILLION TONS OF GRAIN COMMERCIALY FROM THE UNITED STATES SINCE LAST YEAR.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 062875

SUPPLY PERIOD FOR THE TITLE I SHIPMENT IS FISCAL YEAR 1975. SALES WILL BE MADE BY PRIVATE U.S. TRADERS ON A NON-DISCRIMINATORY BASIS. PURCHASE AUTHORIZATIONS WILL BE ANNOUNCED AS ISSUED.

THE GOVERNMENT OF INDIA ANNOUNCED DURING NEGOTIATION OF THE AGREEMENT THAT IT WOULD USE THE PROCEEDS FROM THE SALE OF WHEAT/WHEAT FLOUR TO HELP IMPROVE THE AGRICULTURAL

SITUATION IN INDIA.

4. PRESS GUIDANCE PROVIDED TO DEPARTMENT SPOKESMAN:

Q: I UNDER STAND WE SIGNED A PL 480 AGREEMENT WITH INDIA MARCH 20. CAN YOU GIVE SOME DETAILS?

A: YES. THE AGREEMENT PROVIDES FOR US TO SUPPLY INDIA WITH 800,000 TONS OF WHEAT IN THIS FISCAL YEAR. IT IS THE FIRST SUCH AGREEMENT SINCE 1971, AND WAS NEGOTIATED IN RESPONSE TO A REQUEST FROM THE INDIANS FOR HELP IN OVERCOMING FOOD SHORTAGES IN INDIA. REPAYMENT

WILL BE IN DOLLARS.

Q: WHO SIGNED THE AGREEMENT?

A: FOR THE U.S., ACTING ASSISTANT SECRETARY SIDNEY SOBER. FOR INDIA, INDIAN EMBASSY ECONOMIC MINISTER G.V. RAMAKRISHNA.

Q: WHAT ARE THE PRECISE TERMS OF THE AGREEMENT?

A: I DON'T HAVE THE DETAILS. YOU CAN GET THEM FROM THE DEPARTMENT OF AGRICULTURE. HOWEVER, REPAYMENT IS TO BE MADE OVER 40 YEARS, WITH A TEN-YEAR GRACE PERIOD.

Q: WHAT IS THE ESTIMATED VALUE OF THE WHEAT?

A: \$128 MILLION

Q: I RECALL THAT THE USG ORIGINALLY PLANNED TO PROVIDE ONLY 300,000 TONS OF FOOD TO INDIA UNDER TITLE I OF LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 STATE 062875

PL 480 THIS FISCAL YEAR. WHAT HAS HAPPENED TO INCREASE THE AMOUNT?

A: WE HAVE ALWAYS BEEN DETERMINED TO DO AS MUCH AS POSSIBLE TO ASSIST INDIA IN OVERCOMING ITS FOOD SHORTAGES. THE 300,000 TONS FIGURE WAS A PRELIMINARY ONE, BASED ON EARLIER ESTIMATES OF WHAT WAS POSSIBLE, GIVEN SUPPLY AND BUDGETARY CONSTRAINTS. WE FOUND WE COULD DO MORE, AND DID SO.

Q: IS 800,000 TONS ALL THAT WILL BE PROVIDED FOR INDIA IN FY 75?

A: UNDER TITLE I, YES. HOWEVER, UNDER TITLE II, WE ARE PROVIDING AN ADDITIONAL 243,000 TONS OF FOOD IN THIS

FISCAL YEAR. THE ESTIMATED VALUE OF COMMODITIES SUPPLIED UNDER BOTH TITLES APPROXIMATES \$200,000,000.

Q: IS THE DECISION TO INCREASE FOOD AID TO INDIA RELATED IN ANY WAY TO THE RECENT CHANGE IN OUR ARMS POLICY IN SOUTH ASIA?

A: NO. AS I STATED EARLIER, WE HAVE ALWAYS WANTED TO DO ALL WE COULD TO HELP INDIA OVERCOME ITS FOOD SHORTAGES. FOR EXAMPLE, OUR TITLE II PROGRAM ENABLES U.S. VOLUNTARY ORGANIZATIONS TO DISTRIBUTE FOOD IN INDIA UNDER INDIA'S CHILD-FEEDING PROGRAM.

Q: DOES THE U.S. PLAN TO PROVIDE ADDITIONAL FOOD AID TO INDIA NEXT YEAR?

A: WE HAVE MADE NO COMMITMENTS, BUT IF INDIA NEEDS AND REQUESTS ADDITIONAL FOOD AID, WE WOULD CONSIDER SUCH A REQUEST. THE FINAL DECISION WOULD DEPEND ON BUDGETARY AND SUPPLY CONSIDERATIONS, AND THE NEED FOR PL 480 FOOD IN OTHER COUNTRIES.

Q: AT ONE POINT I HEARD THE U.S. WOULD PROVIDE ONE MILLION TONS OF FOOD UNDER TITLE I THIS YEAR. WHAT HAPPENED TO THAT FIGURE?

A: WE HAVE NEVER ANNOUNCED A FIGURE HIGHER THAN 300,000 LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 05 STATE 062875

TONS. WE MADE A DECISION EARLIER THIS YEAR TO SUPPLY 300,000 TONS AND TO REVIEW THE SITUATION OVER TIME TO SEE WHAT MORE COULD BE DONE. WE FOUND WE COULD SUPPLY 800,000 TONS UNDER TITLE I (GOVERNMENT-TO-GOVERNMENT CONCESSIONAL SALES). NOTE THAT I HAVE SAID WE ARE ALSO SUPPLYING 243,000 TONS OF FOOD UNDER TITLE II (GRANTS TO U.S. VOLUNTARY AGENCIES OPERATING IN INDIA).

Q: HOW MUCH FOOD HAS INDIA BOUGHT COMMERCIALY IN THE U.S. SINCE LAST SUMMER?

A: ABOUT 4.5 MILLION TONS OF FOODGRAIN. I UNDERSTAND INDIA WAS THE LARGEST FOREIGN COMMERICAL PURCHASER OF U.S. WHEAT.

Q: CAN ANY OF THIS FOOD BE RE-EXPORTED TO THE SOVIET UNION TO REPAY INDIAN COMMITMENTS TO MOSCOW?

A: NO. THE FOOD WILL BE CONSUMED ENTIRELY WITHIN INDIA. INGERSOLL

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PL 480, AGREEMENTS, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 20 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE062875
Document Source: CORE
Document Unique ID: 00
Drafter: RBMORLEY:JES
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750097-0914
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750331/aaaabbwh.tel
Line Count: 222
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 10 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10 JUN 2003 by ShawDG>; APPROVED <10 JUN 2003 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PL 480 AGREEMENT WITH INDIA
TAGS: EAID, IN
To: NEW DELHI
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006